DOCUMENT RESUME

ED 030 627 SP 002 863

Guidelines to Fringe Benefits for Members of the Teaching Profession.
National Education Association, Washington, D.C.
Pub Date 69
Note-32p.
Available from-National Education Association, 1201 Sixteenth Street, N.W., Washington, D.C. 20036 (Stock No. 381-11880, $0.50)
EDRS Price MF-$0.25 HC Not Available from EDRS.
Descriptors-*Collective Negotiation, *Fringe Benefits, *Teachers

Teacher fringe benefits (in the areas of financial security, health and recreation, service-connected liabilities, service-connected personal needs, and professional growth) should be decided through professional negotiation by the local teacher association with the school board. Negotiators should be armed with specific proposals and complete and accurate information. committees can be established by local associations with subcommittees, each assigned a specific fringe benefit area for study and recommendations. Priorities, balance, specific needs of teachers, and administration of benefits must be considered by the local association, and benefit packages formed should be reviewed and updated periodically with long-and short-range goals established. (A list of 32 possible fringe benefits with desirable coverage levels and a discussion of specific problems in negotiating for insurance are included.) (SM)

EDO 30627

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Guidelines to Fringe Benefits for Members of the Teaching Profession

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CONTENTS

Page

Foreword i

I. Introduction 1

What Is a Fringe Benefit? 1
Scope and Purpose of the Guidelines 1

II. Procedural Guidelines 2

Organizing for Study 2
Background Study 3
Coordinating the Fringe Benefit Package 4
Preparation for Negotiation 6
Need for Data 6
Negotiating for Insurance 7
Administration of Fringe Benefit Programs 8
The State-Wide Picture 9
Progress to Better Fringe Benefits 9

III. Substantive Guidelines 10

General Overview of Fringe Benefits 10
Financial Security 11
Health and Recreation 18
Service-Connected Liabilities 20
Service-Connected Personal Needs 22
Professional Growth 23

Index to Fringe Benefits 28

FOREWORD

Fringe benefits are becoming an increasingly important part of personnel policies in all occupations today. Employees have found that the advantages of fringe benefits often make them as important as salaries. Benefit programs financed by the employer save not only the cost of the benefit but also the income tax on the dollars that go directly to the benefit instead of into the employee's salary. Group benefit programs, such as life insurance, are usually less expensive than comparable individual benefit programs. Many programs, services, and opportunities that would be difficult or impossible for the employee to finance from his salary are becoming available. Often employees find that they gain more from an improvement in fringe benefits than they would from a comparable salary increase.

Employers have found that fringe benefits affect the health, morale, competence, and effectiveness of their employees. Providing good fringe benefits has become an essential consideration for employers in recruiting and retaining quality personnel.

Fringe benefits available to members of the teaching profession should be comparable to those provided professionally qualified personnel employed in other occupations. However, in many areas today the fringe benefits offered to educators are far below the level of benefits available in private business and industry. Concerned with this inequity, the Representative Assembly of the National Education Association in 1967 adopted a Resolution calling for the development of guidelines to list, define, and help secure the various fringe benefits for every member of the teaching profession. In fulfillment of this Resolution, *Guidelines to Fringe Benefits for Members of the Teaching Profession* has been prepared by a staff committee of the National Education Association, in cooperation with officers and staff of state and local associations, to serve as a statement of recommendations regarding fringe benefits for the teaching profession and procedures for securing them.

Sam M. Lambert
Executive Secretary
National Education Association

I. INTRODUCTION

What Is a Fringe Benefit?

Fringe benefits are a form of earnings. They are nonsalary compensation provided by the employer to the employee in return for his services. They usually take the form of insurance programs, leaves of absence, and services provided at the employer's expense. Fringe benefits are provided to meet needs which are shared by the employees as a group, and which may be met with greater economic advantage to both employee and employer under group programs than by individual expenditures from the employee's salary.

Fringe benefits include many different types of provisions, but not all aspects of employee welfare are fringe benefits. Some important distinctions are:

- Fringe benefits are *not* a substitute for salary. The vast majority of an employee's personal needs are matters which he can and should handle at his own discretion and finance from his own salary. Teachers, like other employees, should be paid salaries sufficient to take care of such personal needs. Fringe benefits should not be expected to cover *all* the needs of teachers.

- Working conditions are *not* fringe benefits. Factors such as pupil load, duty-free lunch period, free time for preparation during the school day, teacher aides, instructional equipment and materials, school facilities, faculty lounge, tenure, grievance procedure, and professional negotiation procedure relate directly to the environment and circumstances under which the teacher performs his duties. Teachers have the right to expect that satisfactory conditions will be provided for the performance of their duties. Such conditions are not part of the teacher's compensation and should not be regarded as fringe benefits.

- Special economic services provided by teacher associations for their members are *not* fringe benefits. The National Education Association and many state and local associations offer special programs or services to their members on an individual basis. These programs are an important part of a teacher's economic welfare and should be continued and expanded, but they are not fringe benefits. Association programs are financed by the teachers themselves out of their membership dues or by individual payments. They are not part of the compensation teachers receive from their employers and so should not be considered fringe benefits.

Scope and Purpose of the Guidelines

These Guidelines are limited to fringe benefits as defined above. They cover only those provisions which should be made on a group basis at the employer's

expense as a form of compensation to teachers. Teaching conditions and benefit programs of professional associations are not included, nor are personal needs which should be covered by adequate salaries for teachers suggested for coverage by fringe benefits.

This document has been designed for use by local education associations in securing fringe benefits for teachers, administrators, and other instructional staff members through the process of professional negotiation. The first section, "Procedural Guidelines," suggests points for a local association to consider in planning and negotiating a fringe benefit package with the school board. The second section, "Substantive Guidelines," lists 32 recommended fringe benefits with suggested goals for the coverage to be provided. Both sections of the Guidelines have been prepared in an effort to be helpful to local associations throughout the country. The individual local association is in the best position to decide how they should be applied to meet local needs.

II. PROCEDURAL GUIDELINES

The National Education Association assumes that fringe benefit provisions, like other personnel policies for school staff, will be decided through professional negotiation with the school board. However, in order to reach wise decisions about proposals for negotiation, it is necessary that the fringe benefit package be carefully studied and planned in advance of the actual negotiation.

Organizing for Study

Negotiators should approach the negotiation table equipped with specific proposals for fringe benefits and with complete and accurate information about the proposals they are presenting. To achieve this, the local association will need to arrange for thorough background study of fringe benefits. One way of doing this is to designate a committee to study fringe benefits and recommend proposals for negotiation by the association's negotiating team.

Such a fringe benefit study committee, or any similar group of association representatives, will find its task formidable because of the many different types of items it must consider. Its work may be easier if divided among a number of small subcommittees. In the "Substantive Guidelines" of this document, fringe benefits are divided into five areas on the basis of the function they serve. Each of these five areas could be assigned to a different subcommittee, which would have the responsibility for studying and making recommendations for that area of benefits.

Background Study

The first task of a subcommittee studying an area of benefits will be to review the existing benefits and identify the particular needs of local teachers for benefit improvements in its area. The subcommittee will want to consider both new benefit programs which might be introduced and improvements in established programs. The best source of information on what benefits the teachers need and want is the teachers themselves, but the "Substantive Guidelines" will also be helpful both in identifying new benefits which might be considered and in evaluating existing programs.

From this review, the subcommittee should be able to reach a decision about the points on which fringe benefits in its area need to be improved. The next task is to decide upon the proposals to recommend for improvement. The "Substantive Guidelines" outlines in general terms goals for coverage under a number of benefit programs. Additional information about fringe benefit provisions is available from NEA and from state associations.

In formulating proposals, the subcommittee should keep in mind the possibility of suggesting alternatives. In some cases, alternatives could represent a "first choice" of more extensive coverage and a "second choice" of less extensive coverage for the same benefit. For instance, a subcommittee might decide upon a certain level of coverage as a desirable goal of "first choice" in improving life insurance, and a less extensive level of coverage as a good compromise or "second choice." In other cases, alternatives can represent different possibilities for ways of improving the same benefit. For example, a sabbatical leave policy could be improved either by making it available to more teachers through reducing the number of years required to qualify or by increasing the proportion of salary paid during the leave. If both aspects need to be improved, the subcommittee will want to consider various possible combinations of the two factors.

The subcommittee will also need to prepare information to support the proposals it recommends. This would include data on such questions as: How many teachers will benefit under the new proposal? How many more teachers will benefit than under existing arrangements? How much will teachers benefit under the new proposals? How much more than at present? In dollar amount? In other ways? How much would the new proposal cost? How much more than at present? How desirable for the teachers is it to have this much money devoted to this purpose? If the proposal involves employee contributions, how much will it cost the teachers? How good a return will they get for their money? For how many teachers does this represent a feasible and desirable expenditure?

When the subcommittee has decided on specific proposals, it is ready to prepare a report for the full fringe benefits study committee. In addition to the actual proposals, the report should also contain a summary of the supporting information the subcommittee has compiled and of the arguments it has con-

sidered in reaching its decision. The latter would include points such as problems that exist in a particular area, deficiencies or inequities under present arrangements, reasons why the teachers want or should have a particular benefit. In some cases, the subcommittee may have considered and rejected certain possibilities as unsatisfactory. These negative conclusions and the reasons for them should be included in the report as cautions. In other cases, the subcommittee may be aware of a difference of opinion among teachers as to what would be a good benefit in a particular area and find it necessary to develop a compromise proposal to take account of both views. The different views, the reasons for them, and the aims of the compromise proposal also need to be explained in reporting to the full study committee.

In making its report, it is a good idea for the subcommittee to list its proposals in priority order. "What is needed most now?" is an important question to answer in deciding upon proposals for fringe benefits. In general, recommendations for improvement are likely to fall into three categories: (a) proposals for immediate negotiation to meet urgent needs; (b) desirable but less urgent proposals, which should be included in negotiations at the first suitable opportunity; and (c) aspects of benefits recommended for further study with a view to future improvement. The last group of recommendations can play an important part in providing continuity and direction for the association's work to improve fringe benefits. A subcommittee undertaking to study an area of benefits will probably encounter a number of new ideas and desirable possibilities that would improve the fringe benefit package. However, since the subcommittee must concentrate on developing specific proposals, it may not be able to investigate all of these thoroughly and reach a definite decision about them before submitting its report. Yet if the subcommittee provides a record of items that should be investigated further, its work will not be lost but can serve as a basis for future fringe benefits study.

Coordinating the Fringe Benefit Package

The full fringe benefits study committee will have the responsibility for coordinating the reports of its subcommittees. If the plan outlined above is followed, the study committee will receive reports from five different subcommittees, each containing several recommendations of varying degrees of importance. The full study committee will have to put all this material together into a coordinated fringe benefit package to recommend to the association for negotiation.

The study committee must answer the question, "What is needed most now?" not just for one area of benefits, but for the fringe benefit package as a whole. The priorities already established by the subcommittees will be of major help in this. However, other factors also need to be considered. Of prime importance is *balance.* Coverage of the different areas of benefits should be balanced. If the

existing benefit programs are not well balanced, the recommendations of the study committee should strive to correct this. For example, subcommittee reports may show that there are several fairly well established programs in the area of financial security, but that professional benefits have been almost completely neglected. In this case, the study committee should give special weight to recommendations for professional benefits, even though there may be important improvements which could be made in the area of financial security. If the existing program is fairly well balanced and there are needs for improvements in several areas, the study committee will want to guard against weighting the benefit program too heavily in one area.

An important point to consider in evaluating the relative importance of benefits is the value of expanding the scope of the benefit package. It is often wiser to recommend the introduction of a new benefit program with rather limited coverage than an extension of coverage under an existing program. Getting new programs established is more difficult than improving established fringe benefits. Once the breakthrough has been made and the new program has been set up, it will not be so hard to extend the coverage later.

The study committee should also try to achieve balance in representing the different needs and interests among the teachers. Older teachers are likely to be concerned about benefits for their post-working years. Younger teachers will be more interested in opportunities to advance their professional careers. Teachers with families will probably be most desirous of benefits which help meet family responsibilities, while others will have little or no interest in these benefits. It is the responsibility of the study committee to see that all these interests are represented. If, under existing arrangements, one group of teachers has been neglected, this should be corrected. The fringe benefit package should provide for the needs of all teachers.

In presenting final recommendations to the association, the priority approach is again advisable. Listing recommended proposals in the order of their importance will be of great assistance to the association and its negotiators in the decisions that must be made later on. In doing this, the study committee may want to pull out two or three items it considers especially important and label them "top priority" matters. The committee's report should be accompanied by the relevant supporting information prepared by the subcommittees in formulating the proposals. Additional considerations, such as the balance of the package, which have influenced the committee's decisions about priorities also need to be explained.

It is important that the committee not lose sight of its medium or low priority proposals. Although it may not prove practical to press for immediate negotiation of all the desired changes, there will be future negotiations on fringe benefits when these items may be brought up. The committee should keep records of all the recommendations and attendant information developed by the

subcommittees, even if some of them have been passed over as less important at the moment. Use of these records will prevent duplication of effort and provide suggestions for future study of fringe benefits.

Preparation for Negotiation

The final decisions of the study committee should be presented to the association for action according to the association's established procedures. The fringe benefit proposals will need to be combined and coordinated with proposals for negotiation on other topics, such as salary and teaching conditions, and a decision reached on the items to be included in current negotiation. When the association has approved certain fringe benefit proposals for negotiation, the material on them prepared by the study committee and its subcommittees should be transmitted to the negotiating team. The negotiators will want to become thoroughly familiar with the written reports of the study committee. They may also wish to consult directly with the study committee. If the negotiators need additional information to support a particular proposal, responsibility for providing it should be taken by the subcommittee which originally studied the problem and developed the proposal. Subcommittees can also assist negotiators in elaborating arguments in behalf of their proposals, foreseeing possible schoolboard objections, and suggesting points which might be helpful in countering objections. Consultation of this type will provide direct contact between the group negotiating the proposals and the group that did the research to prepare the proposals.

Need for Data

The study committee and its subcommittees will find that they are repeatedly asking themselves the question, "How much is this benefit worth to us now?" To give an intelligent answer to this question, it is necessary to know both how much the benefit will cost and how many teachers will profit from it. Therefore, accurate data are essential.

Many of the data study groups need are contained in school system records; for example, how many teachers are in what age brackets, have completed how many years of service, or are at what salary level. The local association should obtain by prior agreement with the school board access to all such data that are relevant.

In some cases, study groups may find that they need expert help in preparing cost estimates and other data. This is particularly true in regard to insurance programs which require skilled actuarial study. Advice and consultant services in many areas may be obtained from state associations and from NEA. In other cases, the local association may wish to negotiate with the board about the

selection and payment of consultants. However, if consultants are to be employed, it is important to make sure that they are suitably qualified and do not have vested interests that might bias their judgment. If local associations have doubts about the suitability of consultants, they should seek the advice of the state association or NEA.

Negotiating for Insurance

Insurance programs may pose special problems for local study groups because of the great number of technical points involved. Several approaches are open to local associations in negotiating for insurance:

- Many local associations will choose to negotiate with their boards specifically for an insurance program offered by the state association or NEA.

- A similar approach may be used in negotiating for programs offered by commercial agencies. After reviewing several possibilities, the association may choose to negotiate with the board for a specific program of a particular insurance company.

- The association may prefer to negotiate for a lump sum of so many dollars per teacher to be devoted to a particular insurance need. The association then acts as an independent purchaser in presenting its requirements to insurance companies.

- If an association is uncertain about the type of insurance plan that would best serve the needs of local teachers, it may wish to follow a two-stage procedure in negotiating for the benefit. In the first stage, the association would negotiate for board agreement to finance an independent study by a qualified, disinterested expert to draw up specifications for the plan and estimate the cost. The consultant's report would be submitted to both association and board. In the second stage, specific proposals for the program would be negotiated on the basis of information provided in the consultant's report. The disadvantage of this approach is that it delays getting the benefits to the teachers. Its advantage is that it enables the association to negotiate for specific insurance provisions in the knowledge that they will serve the teachers' needs, instead of negotiating for a "ready-made" program which may or may not fit.

Some points to remember about insurance include:

- Reliable estimates of insurance programs are costed out on a long-range basis. Cost estimates obtained should include both first-year cost and a five-year projection.

- Once the initial coverage is provided under an insurance policy, it can be extended at less cost than for the initial amount. For example, the amount of coverage can often be doubled for less than double the initial premium.

- Employer payment of insurance premiums carries the additional benefit that the funds expended for insurance do not become part of the teacher's taxable income. Full employer payment of premiums is desirable wherever feasible.

- If dividends are receivable under a cost-shared program, arrangements should be made to ensure that they will be used to improve the programs for the employees. If this precaution is not taken, the dividends may all go to the employer whose share of the cost is thereby reduced, while the employees continue to pay as before.

- Group insurance programs carry enrollment requirements. Legally, a specified percentage of employees must be enrolled to constitute a qualifying group. Insurance companies may also set enrollment quotas for risk purposes. When the employer pays the full cost, it is customary for all employees to be automatically enrolled. For cost-shared programs, enrollment should be at the employee's option.

Administration of Fringe Benefit Programs

How will fringe benefit programs operate? Local associations should not overlook this question in planning and negotiating a fringe benefit package. Guarantees need to be built into the package to make sure that all teachers receive the full benefit of the programs in an equitable and efficient manner. These guarantees include:

- *Equal eligibility.* All benefits should be available to all eligible teachers without discrimination on the basis of race, creed, color, sex, or national origin.

- *Adequate information.* All teachers should be fully informed at school system expense about all benefits to which they are entitled under the negotiated fringe benefit package.

- *Payroll deductions.* For employee contributions to cost-shared benefits, association dues, and credit union payments, payroll deductions should be available.

- *Teacher participation.* Provisions should be made for representatives of the teachers to participate in the administration of all benefits where questions arise that call for judgment of the program participants.

- *Association administration.* Consideration should be given to the possibility of having certain professional benefit programs and other services administered by the local education association.

- *Coverage by grievance procedure.* The general grievance procedure negotiated by the association should be applicable to the administration of fringe benefit programs so that any dissatisfaction with the conduct of benefit programs may be investigated and corrected.

The State-Wide Picture

Most of the benefits discussed in these guidelines can be negotiated locally. However, present trends show an increasing movement toward state-wide funding, regulation, and administration of fringe benefits.

State-wide benefits hold great potential advantages for teachers. They guarantee equal benefit compensation for all teachers in the state and offer the prospect of raising the level of benefits in districts where present provisions are inadequate. They also enable a teacher who moves from one district to another to take his benefits with him. In addition, potentially better benefits are available under state-wide programs since the resources of a larger taxing unit are available to fund them. Therefore, local associations are urged to initiate action through their state education association to secure better state-wide benefits where possible.

However, state law sometimes limits what can be negotiated locally. For example, in some states, the law limits the extent to which the employer is permitted to contribute to insurance programs. Local association study committees will need to become familiar with their state laws and to negotiate within them. If they find that state law prevents them from pursuing the goals for coverage recommended in these guidelines, they should bring pressure to have the law changed and the limits raised or removed. In other cases, they may find that the law requires or merely authorizes local school boards to provide certain benefits. This does not necessarily mean that local boards are forbidden to do more. Local associations should negotiate for whatever chosen objectives are not specifically forbidden under the law.

Progress to Better Fringe Benefits

At present, local associations may in some instances find it difficult to obtain as high a level of fringe benefits as would be desirable for teachers. Plans should be made for progress to better benefit provisions by distinguishing immediate and long-range goals and working for improvement by stages. Associations that have succeeded in securing good fringe benefits will also want to look to the future. Economic conditions and the needs of teachers change in the course of time. Consequently, the fringe benefit package should be reviewed periodically with the object of improving the range and the coverage of benefit provisions.

III. SUBSTANTIVE GUIDELINES

Two questions need to be answered in deciding upon the substance of a fringe benefit package: (a) What benefits should be included in the package? (b) What coverage should be provided for these benefits?

The following list of fringe benefits is presented as a guide to help in answering these questions. It consists of 32 possible fringe benefits for teachers which should be considered for inclusion in the fringe benefit package and describes a desirable level of coverage for each. Under some benefits, two levels of coverage are described—"minimum" and "desirable." This is designed to assist associations that wish to develop intermediate goals as they progress toward more desirable fringe benefits for teachers.

The list is not intended to be a complete catalog of all fringe benefits which might be made available to teachers; it includes only those benefits that appear at present desirable to recommend for general consideration. Both the list of benefits and the levels of coverage have been prepared in the awareness of considerable local differences both in regard to the needs of teachers and in the extent to which fringe benefit provisions have already been developed. Many decisions about desirable fringe benefits and desirable coverage can be made intelligently only at the local level. Local associations, therefore, are urged to regard the benefit provisions outlined here as a general guide and to adapt and elaborate upon them as they see fit.

General Overview of Fringe Benefits

A useful approach to fringe benefits is to view them in light of the purposes they serve in meeting the needs of teachers. In this way it is possible to see the proper relationship between different benefits and to decide the type and the extent of coverage which represents effective provisions.

Fringe benefits for teachers cover needs in five different areas:

1. *Financial security:* benefits which protect the teacher against loss of income when absent from work, provide retirement income, and protect the security of his dependents in the event of his death.

2. *Health and recreation:* benefits which provide for medical treatment and services, and which provide free time for recreation.

3. *Service-connected liabilities:* benefits which protect the teacher against expenses or loss incurred through the performance of his duties.

4. *Service-connected personal needs:* benefits which offer conveniences to the teacher in meeting needs which arise in connection with the performance of his duties.

5. *Professional growth:* benefits which provide opportunities for professional growth and participation in activities of professional significance.

Financial Security

Benefits which contribute to financial security include leaves of absence which protect the individual against loss of salary when absent from work because of personal disability, personal business, bereavement, or the performance of civic duties; insurance which supplements leave provisions in providing income protection in case of disability; provision for severance pay at termination of employment; provisions for retirement income under the state retirement system and a local tax-sheltered annuity program; and provision for the security of dependents under life insurance. A further contribution to financial security is made by the services of an employee credit union.

1. *Sick leave*

The purpose of the benefit is to protect the teacher against loss of salary during temporary absences from work caused by personal illness or disability, or illness in the immediate family.

Minimum coverage: at least 10 days annually at full salary; full amount of leave available for use from starting date of contract; accumulation of unused leave up to a full contract year; for personal illness or disability; personal medical appointments; quarantine or communicable disease; or illness in the immediate family.

Desirable coverage: at least 20 days annually at full salary; full amount of leave available for use from starting date of contract; unlimited accumulation of unused leave; for personal illness or disability; personal medical appointments; quarantine or communicable disease; illness in immediate family.

2. *Bereavement leave*

The purpose of the benefit is to protect the teacher against loss of salary in cases of absence from work caused by a death in his immediate family. A separate leave allowance should be provided for this purpose, so that the teacher will not need to charge such absences to other leave.

Desirable coverage: at least 5 days at full salary for a death in the immediate family.

3. *Leave for civic duties*

The purpose of the benefit is to protect the teacher against loss of salary when civic duties require his absence from work. A separate leave allowance

should be provided for this purpose so that the teacher will not need to charge such absences to other leave.

Desirable coverage: temporary leave at full salary; for jury duty, court appearance as witness, Selective Service examination, military reserve duty, and voting. Length of leave varies in accordance with the amount of time required for the civic duty.

4. *Personal leave*

The purpose of the benefit is to protect the teacher against loss of salary when absent from work for personal reasons not covered by other leave provisions.

Desirable coverage: at least 3 days annually at full salary; for personal reasons which require the teacher's absence during working hours to be determined at his own discretion.

5. *Income protection insurance*

The purpose of the benefit is to protect the teacher against loss of income in cases of personal disability not covered by leave provisions or other benefits. Such supplementary income protection is needed chiefly in two types of cases: (a) for the individual with a long-term illness who has not been in service with the school system long enough to have accrued sufficient sick leave to provide salary during his entire absence from work; and (b) for the permanently disabled individual who has not been in service with the school system long enough to qualify for the benefits of disability retirement under the state retirement system. Teachers who do qualify for disability retirement benefits may also wish to supplement them with income protection insurance.

In determining coverage for income protection, the following points should be kept in mind:

1. Insurance policies customarily provide a percentage of salary rather than full salary. However, the first $100 of weekly income received by the disabled person after 30 days of sickness are not taxable.

2. After six months, permanently disabled persons covered by social security receive benefits from this source; insurance policies will be written to supplement but not to duplicate these benefits.

3. Teachers covered by disability provisions under the state retirement plan will receive benefits from this source also; insurance policies will be written to supplement but not to duplicate these benefits.

In planning income protection coverage, the objective should be to provide the teacher with a disability income from all applicable sources together (insurance, social security, retirement plan) in the range of 50 to 70 percent of his regular salary. Income protection policies are written so as to become effective after a specified waiting period; this makes it possible to design them to supplement accrued sick leave.

a. Income protection insurance for the temporarily disabled teacher

Minimum coverage: 70 percent of annual salary for one year; to become effective when accrued sick leave has been used up.

Desirable coverage: 70 percent of annual salary for two years; to become effective when accrued sick leave has been used up.

b. Income protection insurance for the permanently disabled teacher

Minimum coverage: long-term disability policy to normal retirement age supplementing benefits receivable under social security or state retirement plan, where applicable, for a total from all sources of 50 percent of annual salary.

Desirable coverage: long-term disability policy, to normal retirement age supplementing benefits receivable from social security or state retirement plan, where applicable, for a total from all sources of 75 percent of annual salary.

6. *Extended leave*

The purpose of the benefit is to protect the security of the teacher who requests a leave of absence for a period of months or years for a specific reason with the intention of returning to active service. Extended leave provisions guarantee the individual the opportunity to return to his teaching position without loss of the economic advantages he has built up by prior service.

Desirable coverage: extended leave of absence without salary for such reasons as personal health, family illness, maternity, military service, full-time campaign and/or election to public office; length of leave commensurate with reason for absence. Status of teachers on extended leave in regard to placement on the salary scale, retirement credit, and other factors related to length of service is not to be reduced because of absence. Credit for salary increments for the period of absence is granted in cases of leave for public service. Teacher options include continued employee contributions for continued insurance coverage and continued employee contributions to the retirement system during absence. The teacher on extended leave is entitled to return to his former position, if it is available, or if not available, to a substantially equivalent position.

7. *Severance pay*

The purpose of the benefit is to provide teachers who have given service to the school system, with financial security during the period of transition to a new position or to retirement.

Desirable coverage: for teachers with 5 years or more of service, payment of additional salary upon termination of employment at the rate of one day's pay per year of service with the system.

8. *Retirement plan*

The purpose of the benefit is to provide continuing income for teachers who have retired from active service because of age or disability and to provide survivors' benefits for their dependents. Provisions are made through the state or local statutory retirement system for teachers, in supplement to or in lieu of benefits receivable under social security.

The following provisions are suggested for the state retirement plan:

Formula for retirement allowance: benefits (including social security where applicable) equal to 2.5 percent of final average salary (based on three highest years) multiplied by the number of years of service.

Normal retirement: at age 60 with 5 years of service; at any age with 35 years of service.

Early retirement: at age 55 with 25 years of service; benefits reduced by actuarial equivalents for each year the teacher is under normal retirement age.

Disability retirement: after 5 years of service; benefit for total disability equal to 50 percent of salary at time of disability; members on disability retirement continue to accrue credit as if in active service until age 60, at which time disability benefits cease and normal retirement benefits are available.

Survivor benefits: in the event of death of a teacher in service or of a disability retirant, 55 percent of annuity to dependent widow or widower; additional benefits for each surviving dependent child under age 20. In the case of teachers qualifying for retirement by age or service, optional benefits for survivors available for election by the teacher at time of retirement.

Post-retirement adjustment in retirement allowance: a provision for continuous post-retirement adjustment in the teacher's retirement allowance to maintain the original purchasing power of the annuity. Possible methods include the following: (a) a variable annuity, according to which payments are related to the current market value of the investments; (b) cost-of-living increases pegged to the

rise in the Consumer Price Index; (c) automatic fixed percentage increases after retirement prefinanced by the teacher and the employer; (d) adjustments in benefits to retirees comparable to percentage increases granted in salaries of active employees.

Vesting: full vesting of retirement rights after not more than 5 years of creditable service in the system with provisions for deferred annuity payable at age 60.

Credit for out-of-state service: for teachers moving into the state, the option to purchase up to 10 years of credit for their out-of-state service.

Medicare coverage: teachers not covered by medicare under social security should receive similar benefits under teacher retirement plan.

Membership: membership in retirement plan mandatory for all teachers from starting date of employment.

Employee contributions: up to 5 percent of full annual salary in addition to social security contributions.

Employer contributions: sufficient to meet the obligations of retirement and survivor benefits provided and to maintain the system on a prudently funded reserve.

Administration of retirement system: the governing board of the retirement system should represent the members of the system and be elected by them.

Information about retirement plan: ready access provided to a source of authoritative information from which teachers may obtain answers to their questions about retirement provisions and estimates of the benefits for which they would be eligible.

9. *Tax-sheltered annuities*

The purpose of the benefit is to provide supplemental retirement income, at a saving in the form of a tax advantage, for teachers who choose to invest funds for this purpose during their working years. A tax-sheltered annuity plan provides the employee with the option of having his salary reduced by a specified amount to be used by his employer for the purchase of an annuity from an insurance company or other agency; this agency invests the funds and makes payments to the employee at a future date which he selects. The NEA and some state associations offer tax-sheltered annuity plans which local associations may wish to consider.

The advantage of this type of annuity is the tax saving. The portion of salary invested is not taxable as income at the time it is earned; payments from the annuity are taxed as income when received. The teacher is thus relieved of the necessity of paying income tax on his original investment and may defer the payment of tax to retirement years when taxable income is expected to be lower. However, the amount of salary which an employee may elect to put in tax-sheltered annuities is limited by law. There is also a potential risk involved: if the employee must cash in the annuity before payments are due to begin, the entire amount will become taxable as income in one year.

A tax-sheltered annuity may be of either a fixed or a variable type. The fixed annuity guarantees payments at a constant rate regardless of changes in the economy and is thus advantageous in a period of economic decline in that the individual's return is not diminished by the decreased value of the investments. The variable annuity pays according to the market value of the investment portfolio at the time payments are made, and in a period of economic growth enables the individual to take advantage of the increased value of the funds invested. Both types of annuities should be available to teachers, so that they may select one or the other or a combination of the two in accordance with their individual needs.

In order to set up a tax-sheltered annuity plan, the plan must be adopted by resolution of the school board to safeguard the tax-advantage feature. Action of the board is also necessary to make the annuity plans available for teacher option and to provide the appropriate form of employer-employee agreement for the purchase of these annuities from the employee's salary.

Desirable coverage: tax-sheltered annuities of both fixed and variable types available for teacher option; participation in the plan open to all staff members to the fullest extent permitted by law; orientation to acquaint teachers with the plans available, including advantages and disadvantages in regard to income tax, and monetary and investment considerations.

10. *Life insurance*

The purpose of the benefit is to protect the financial security of the teacher's dependents in the event his death deprives them of their normal source of support. Other provisions that may be added to the basic life insurance coverage at little additional cost include double indemnity, which pays an additional amount equal to the face value of the policy in the event of accidental death, and a dismemberment provision which pays fixed amounts for the loss of eye, hand, arm, etc., by the insured.

An additional plan for dependents' insurance should be developed in conjunction with group life insurance whereby an insured individual may also insure his spouse and dependent children.

Life insurance plans should include arrangements for the continuation of coverage by teachers at the termination of their employment by the school system. Teachers moving from the school system should have the option of converting their insurance to an individual policy within a specified time after the end of employment. A desirable addition is provision for retiring teachers to continue life insurance coverage; this provision needs to be framed in relation to survivor benefits available under the retirement plan for option by retiring teachers.

Life insurance policies may be purchased on either an employer-paid or a cost-shared basis. Employer payment of at least a minimum level of coverage is highly recommended. The possibility of providing optional additional coverage to be purchased at employee expense should also be considered. For example, the school system might provide at system expense basic coverage for all teachers equal to the teacher's annual salary. The teacher would then have the option of purchasing at his own expense additional coverage also equal to his salary. The additional coverage purchased by the teacher will be less costly because it is merely an extension of coverage under the policy already provided by the school system. This plan has the advantage of being adaptable to the differences in individuals' insurance needs and enables the teacher who wishes to concentrate more of his earnings in life insurance to do so at a saving.

Minimum coverage: coverage for the insured teacher equal to at least the full amount of annual salary; double indemnity for accidental death; dismemberment provision. Dependents' insurance with coverage up to one-half the teacher's annual salary for insured spouse and up to one-fourth the teacher's annual salary for each dependent child. Full cost of coverage for the teacher should be borne by the school system.

Desirable coverage: coverage for the insured teacher equal to at least twice the full amount of annual salary; double indemnity for accidental death; dismemberment provision. Dependents' insurance with coverage up to one-half the teacher's annual salary for insured spouse and up to one-fourth the teacher's annual salary for each child. Full cost of coverage for the teacher and his dependents should be borne by the school system.

11. *Employee credit union*

An important contribution to the financial security of teachers can be made through the services of an employee credit union. The commonly recognized advantages of credit unions include low-cost loans, a good return on savings, and confidential and reliable financial counseling. These services should be available for all teachers who wish to use them.

Credit unions are independent savings and loan associations owned and operated by their members, who are required by law to have "a common bond." Em-

ployment in the same school system or membership in the same local education association constitutes such a common bond, and the teachers in a system are thus qualified to organize a credit union.

Desirable coverage: credit union organized under the auspices of the association to provide savings, loan, and financial counseling services for teachers. The credit union should carry life savings insurance up to $2,000, the highest amount allowable by law, on shares and full coverage on loans. Payroll deductions for savings and repayment of loans should be provided by the school board.

Health and Recreation

These benefits include the various types of medical insurance, health services provided by the school system, and holidays.

12. *Health insurance*

The purpose of the benefit is to provide the teacher and his dependents with satisfactory health protection without incurring excessive expenses because of high cost of medical care.

Health insurance plans commonly consist of a combination of basic hospitalization and surgical insurance plus major medical insurance. The basic coverage pays the full amount of in-hospital costs and surgical fees and charges up to specified limits. Major medical insurance covers additional expenses for hospitalization and surgery as well as various other medical costs. Major medical coverage is provided on a deductible co-insurance basis, according to which the insurance covers a percentage of expenses above the deductible amount. These policies also carry a maximum limit on the benefits receivable for one illness.

Typical benefits provided by major medical insurance include physician's services, nursing and convalescent care, psychiatric treatment, physical therapy, prescription drugs, X-ray services, ambulance service, prosthetic devices, and other special tests, treatments, and equipment. Many of these benefits carry special limitations; for example, provision for out-patient psychiatric treatment is normally limited to 50 percent of the psychiatrist's charges and carries a maximum limit on both the number of visits and the dollar amount receivable per visit. Major medical policies may also be written to include additional provisions for diagnostic and preventive health services, dental care, and optical care. Provisions for dental care customarily cover regular dental services, but not orthodontia, and carry both an initial deductible and a maximum dollar amount. Coverage for optical care is provided on the basis of a schedule of amounts receivable for different optical services and equipment.

Health insurance plans combine basic and major medical coverage in different ways. One typical arrangement provides basic hospitalization up to a specified

maximum number of days and basic surgical services according to a schedule of fees, after which the deductible, co-insurance major medical coverage becomes effective. Another approach provides basic hospitalization and surgical insurance up to the limit of fixed dollar amounts, after which the deductible, co-insurance major medical coverage becomes effective. A third and highly recommended type of plan does not distinguish between basic and supplementary coverage but imposes the limit of a maximum dollar amount for all benefits receivable for one illness; this plan has the advantage that the allowable maximum is available for use on almost all types of medical expenses that may occur.

Because of the variety of approaches to health insurance, plans offered by different insurance companies are often difficult to compare and must be studied very carefully to determine which arrangement would offer the best coverage. Consideration should be given to the type of plan as well as to the specific benefits receivable. For example, a combination of basic and supplementary insurance of the first type described above might make potentially available a greater total dollar amount for benefits than would be available under a comprehensive plan like the third plan described above, but would impose a series of limits on the benefits available for particular medical services. This could result in a costly accumulation of smaller additional charges. In contrast, the comprehensive type of plan might in exceptional cases not provide a sufficiently high maximum to cover all the charges of a prolonged illness, but would offer fuller coverage of lesser medical costs. Factors of this kind need to be assessed carefully in relation to the needs of the group of teachers to be insured. The following recommendations for coverage have been framed in terms of known types of available plans with a view to what is likely to be most beneficial to teachers in general.

Minimum coverage: basic hospitalization for 180 days per admission except for mental or nervous disorders for which coverage is limited to 30 days per admission; basic surgical insurance according to a fixed schedule of fees; supplementary major medical coverage providing for additional hospital and surgical costs and other health services of the kind described as "typical" above, paying 75 percent of expenses in excess of $50 up to a maximum of $10,000 per illness in addition to basic coverage. Individual and family plans both available. Full cost should be borne by the school system.

Desirable coverage: comprehensive plan with a maximum of $20,000 per illness for all benefits, providing: (a) full amount of in-hospital costs for an unlimited number of days except for mental or nervous disorders for which coverage is limited to 90 days per admission; (b) full amount of in-hospital and out-patient surgical costs up to maximum scheduled limit for each series of related procedures; (c) 90 percent of the cost in excess of $50 for other health services of the kind described as "typical" above, except for special limitations on such items as diagnostic X rays and out-patient psychiatric care. Additional provisions subject to particular limitations for diagnostic and preventive health services, dental

care, and optical care. Individual and family plans both available. Fuil cost borne by the school system.

13. *Health services*

The purpose of the benefit is to provide health protection for the teacher in the form of routine diagnostic and preventive medical services at little or no cost for the teacher. Services available under this benefit should be designed to supplement those covered by health insurance.

A serious problem which may arise in connection with employer-provided medical services concerns the confidentiality of medical records. The best guarantee of confidentiality for the employee is to have diagnostic services covered by his health insurance and obtain these services from his own physician. If diagnostic examinations or tests, other than those required for employment, are offered at school system expense, the employee should be guaranteed the strict confidentiality of his medical record.

An important addition to health services is a group contributory blood bank. Normally this is arranged under the auspices of the local association; however, teachers should be granted leave without loss of pay to make blood donations.

Desirable coverage: The following services are made available to teachers periodically without charge: physical examination when required by law or by school system, chest X ray, standard immunizations, including those recommended for travel outside the United States. Group contributory blood bank provides free blood for all employees and dependents; teachers are granted leave without loss of salary for blood donations.

14. *Holidays*

The purpose of the benefit is to provide teachers with same opportunities for free time as are customarily available to persons employed in other occupations in the same community. Teachers should be entirely free from school duties on all holidays when school is closed for pupils.

Desirable coverage: leave at full salary granted for all federal, state, and local holidays.

Service-Connected Liabilities

Personal expenses which the teacher incurs through the performance of his duties are properly the responsibility of the school system and not of the teacher. The items listed here are thus not "fringe benefits" in the usual sense of the word–i.e., additional compensation to the teacher–but necessary obligations of

the school system. They have been included in this list to emphasize the importance of providing them for all teachers.

Items in this category include protection against claims for damages arising from the performance of duties; the cost of legal services incurred in school-connected lawsuits; compensation for physical disabilities incurred in the performance of duties, for dismemberment or death while traveling on school business, and for the loss or damage of personal property at school. The full amount of reimbursement for all expenses in these areas or the cost of insurance protection against them should be paid by the school system.

15. *Professional liability insurance*

The teacher should be guaranteed complete protection against all liability for damage claims arising from the performance of his duties, including injuries to pupils whether or not caused by negligence of the teacher; libel, slander, or defamation of character; or any other claim deriving from the performance of his duties, including the transportation of pupils on school business. This need should be met by insurance carried by the school system entirely at system expense.

16. *Cost of legal services*

When suit is brought against a teacher for causes arising from the performance of his duties, the school system should provide the funds for an attorney to represent the teacher.

17. *Service-connected disabilities*

The teacher should be completely protected against any loss or expense as a result of physical disability incurred through the performance of his duties whether at school or while traveling on school business. Two types of protection are needed: (a) protection against medical expenses incurred because of service-connected disabilities, and (b) protection against loss of salary while absent from work because of a service-connected disability.

In regard to medical expenses, it should be noted that health insurance policies of the kind described in item #11 specifically exclude from coverage work-connected disabilities. Separate coverage for these medical expenses must be provided.

In regard to income protection, the teacher should not have to use his own accrued sick leave or benefits receivable from his income protection insurance in cases of absence because of service-connected disabilities. A separate provision should be made to guarantee the teacher full salary during such absences.

In some states, teachers are covered by Workmen's Compensation provisions. Insurance carried by the school system at system expense should supplement benefits receivable under Workmen's Compensation in such a way that teachers will incur no loss whatever as a result of work-connected disabilities.

18. *Travel insurance*

The school system should carry at system expense insurance coverage of at least $100,000 for the accidental death or dismemberment of a teacher traveling on school business.

19. *Loss or damage of personal property*

The teacher is entitled to full compensation for the loss or damage of personal property including automobile, clothing, books, and other personal effects brought to school. Coverage should include loss or damage by fire, theft, vandalism, or negligence to which the teacher does not contribute. A possible means of meeting this need is for the school system to carry at system expense a $100 deductible general insurance policy, making direct reimbursement to the teacher for the first $100 of loss, cost of replacement, or of repairs.

Service-Connected Personal Needs

Closely related to the items just discussed are benefits which assist the teacher in assuming and performing the duties of his position. These include reimbursement for personal expenses incurred in the course of school business, reimbursement for moving costs incurred because of transfer, and provision of parking facilities.

20. *Travel expenses*

The purpose of the benefit is to relieve the teacher of expenses he incurs for transportation or personal needs while traveling on school business. Teachers should also receive compensation for the use of their own automobiles for business travel.

Desirable coverage: reimbursement for transportation fares by bus, rail, or plane; per-mile allowance for use of private automobile high enough to offset cost of extra insurance and depreciation; reimbursement for cost of lodging, meals, parking, and other out-of-pocket expenses while on school business.

21. *Parking facilities*

The purpose of the benefit is to relieve the teacher of the inconvenience and expense of obtaining parking place for his automobile while he is at school. Space for all-day parking, particularly in urban areas, is often difficult to find.

In addition, payment of charges for all-day parking in commercial lots or garages on a regular basis rapidly adds up to considerable expense. To eliminate these difficulties, teachers who drive to school should be provided with cost-free parking convenient to the school building where they teach. This may be accomplished by providing parking space on school property where such an arrangement is feasible, or where not feasible, by paying parking fees at a nearby lot or garage. It will contribute to the teacher's convenience if the payment of parking fees is made by arrangement between the school system and the parking facility, thus guaranteeing the teacher an available free parking place on a daily basis.

Desirable coverage: free parking reserved for teachers on school property, or full payment of parking fees at conveniently located parking lot or garage.

22. *Moving costs*

The purpose of the benefit is to relieve teachers of the expenses incurred in relocating when they are reassigned to a new location within the district. This benefit is commonly available to employees transferred by private businesses and should be available to teachers also. Reimbursement of moving costs would apply when the teacher is transferred to a new school at such a distance from his former assignment that it would add appreciably to his commuting time if he does not relocate.

Desirable coverage: full reimbursement to the teacher for moving costs when transferred to a school more than 10 miles from his previous assignment within the district.

Professional Growth

Benefits which contribute to the professional growth of teachers include professional growth programs provided at school system expense, leaves of absence granted for professional activities, and provisions for reimbursing teachers for professional expenses.

23. *In-service training*

The purpose of the benefit is to provide teachers with the opportunity for group study of topics important to their work. Provisions for this purpose include short-term institutes meeting for one or more days and offering a series of lectures and discussions; conferences for small group discussion with expert consultants and other teachers; workshops devoted to solving problems of participating teachers; special in-service courses designed specifically for teachers in the system and meeting one or more times a week for several weeks for lectures, discussion, and work sessions.

Programs of this kind should be made available to all professional staff members at school system expense. There should be no charge to participants for tuition or instructional materials. Released time should be provided so that teachers may be free to participate in programs of their choice. The funds allocated for in-service training should be sufficient to provide a variety of programs adapted to the different needs and interests represented on the staff.

The local association may wish to arrange with the board to be responsible for the development and conduct of the in-service training program. An alternative approach would be to have the program developed and conducted jointly by association representatives and school system officials.

Desirable coverage: a variety of in-service training programs offered at school system expense and conducted by the association or jointly by the association and the school system.

24. *Educational trips*

The purpose of the benefit is to provide teachers with the opportunity to visit, either individually or in groups, businesses, government agencies, places of historical interest, and other places of interest to them in connection with their teaching. Trips should be provided at school system expense. Group trips could be organized by the association.

Desirable coverage: Educational trips financed by the school system available to all professional staff members.

25. *Professional development resources*

The purpose of the benefit is to provide teachers with ready access to up-to-date professional literature and other materials. A library of professional literature, filmstrips, tapes, and other materials should be maintained at school system expense in a location where it can be conveniently used by teachers. A system should also be developed for circulating current issues of periodicals to teachers both promptly and regularly.

A possible additional library service would be a bulletin containing notices and reviews of recent books or articles. The school system should provide the facilities and personnel for typing, duplicating, and circulating the bulletin.

The financing and management of library facilities should be the responsibility of the school system. Decisions regarding the acquisition of materials or library procedures should be the prerogative of the teachers and could be managed by a committee of the association.

Desirable coverage: facilities and services of a professional library for teachers provided and managed at school system expense; decisions regarding library materials and procedures are made by the professional association.

26. *Professional business leave*

The purpose of the benefit is to permit the teacher to be absent from school during working hours without loss of salary in order to undertake business necessitated by his school position. Business of this kind would include examinations for promotion and classification, visitation of other schools, education conferences, and similar activities. A separate leave provision should be made for professional business so that the teacher will not have to use his sick leave or other personal leave for these purposes.

Desirable coverage: temporary leave at full salary for professional business necessitated by school position available to all professional staff members; length of leave sufficient to complete specific business.

27. *Association business leave*

The purpose of the benefit is to enable teachers to participate in association activities that require the teacher's absnece from school. Leave provisions should cover three types of association business: (a) activities, such as service on committees or task forces, or attendance at association conferences, conventions, or meetings, which require occasional short-term absences by a number of individual teachers at different times; (b) holding of association office and other activities which carry full-time responsibilities for one or two teachers for an extended period of time, perhaps an entire school year; and (c) the need for a local association to have available a designated number of teachers for a specified period of time to carry out a particular association program.

Payment of salary may or may not accompany each type of leave. In any case, teachers on leave for association business should retain their employee status in all respects during leave.

Minimum coverage: leave without payment of salary for association business, including (a) temporary leave for participation in short-term activities, (b) extended leave for assuming full-time responsibilities for as long as an entire school year, and (c) group leave for a designated number of teachers for a specified period of time for carrying out a particular association program. All teachers on leave for association business retain their employee status in all respects during leave.

Desirable coverage: leave at full salary for association business, including (a) temporary leave for participation in short-term activities, (b) extended leave for

assuming full-time responsibilities for as long as an entire school year, and (c) group leave for a designated number of teachers for a specified period of time for carrying out a particular association program. All teachers on leave for association business retain their employee status in all respects during leave.

28. *Leave for community relations activities*

The purpose of the benefit is to enable teachers as well as administrators to take part in the activities of local service clubs and community organizations which conduct their business during the school day and thus to serve as representatives of the teaching profession in the affairs of such organizations.

Teachers who are required to be on duty in the school building during the school day are limited to participation in community activities which take place in the evenings. Many community organizations, however, regularly hold luncheon meetings or other day-time activities, and classroom teachers thus have no part in an important aspect of community life. This situation can be rectified by a leave provision allowing teachers to be absent from school to join in such activities.

Desirable coverage: temporary leave at full salary for community relations activities important for education.

29. *Leave for special teaching service*

The purpose of the benefit is to enable teachers to broaden their experience and contribute to important educational programs through exchange teaching and service with the NEA Overseas Teach Corps, Teacher Corps, or Peace Corps.

Desirable coverage: extended leave with difference pay for foreign and domestic exchange teaching or service with the NEA Overseas Teach Corps, Teacher Corps, or Peace Corps. Teachers receive normal salary increments, retirement credit, and fringe benefits while on leave and are entitled to return to their former position, if available, or if not available, to a substantially equivalent position.

30. *Sabbatical leave*

The purpose of the benefit is to enable teachers to engage in full-time study, travel, research, work experience, or other professionally advantageous activity for an entire school year.

For the administration of this benefit, it is suggested that sabbatical leave applications be reviewed by a joint panel representing both the association and school officials in equal numbers. When there is pronounced difference of opinion among panel members on the merits of a particular application, it might be

advisable for the panel to seek the opinion of a disinterested expert in the field of activity to which the application relates.

Desirable coverage: sabbatical leave available after no more than 5 years of service for a full contract year at 75 percent of salary, or after no more than 7 years of service at 100 percent of salary; leave granted upon application approved by joint review panel representing both association and school system. Teachers on sabbatical leave receive normal salary increments, retirement credit, and fringe benefits while on leave and are entitled to return to their former position, if available, or if not available, to a substantially equivalent position. Extended leave of absence without salary available to teachers who do not meet service requirements for sabbatical; leave granted upon application approved by joint review panel. Teachers granted extended leave should not have their status in regard to placement on the salary scale, retirement credit, or other factors related to length of service, reduced because of absence; assignment upon return from leave should be to their former position if available, or if not available, to a substantially equivalent position.

31. *Professional activities expenses*

The purpose of the benefit is to assist the teacher in participating in professional activities related to his area of instruction through reimbursement of expenses incurred by his participation in professional meetings.

Desirable coverage: travel costs and per diem for expenses incurred in attending professional meetings related to the teacher's area of instruction.

32. *Education costs*

The purpose of the benefit is to assist the teacher in undertaking professional study through the payment of tuition fees and other educational expenses. Applications for reimbursement of educational expenses should be reviewed by a joint panel similar to that described for the review of sabbatical leaves under item #31.

Desirable coverage: full reimbursement of tuition fees and other educational expenses upon application approved by joint review panel representing both association and school system.

Index to Fringe Benefits

	Item	*Page*
Association business leave	27	25
Bereavement leave	2	11
Cost of legal services	16	21
Education costs	32	27
Educational trips	24	24
Employee credit union	11	17
Extended leave	6	13
Health insurance	12	18
Health services	13	20
Holidays	14	20
Income protection insurance	5	12
In-service training	23	23
Leave for civic duties	3	11
Leave for community relations activities	28	26
Leave for special teaching service	29	26
Life insurance	10	16
Loss or damage of personal property	19	22
Moving costs	22	23
Parking facilities	21	22
Personal leave	4	12
Professional activities expenses	31	27
Professional business leave	26	25
Professional development resources	25	24
Professional liability insurance	15	21
Retirement plan	8	14
Sabbatical leave	30	26
Service-connected disabilities	17	21
Severance pay	7	14
Sick leave	1	11
Tax-sheltered annuities	9	15
Travel expenses	20	22
Travel insurance	18	22